

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF THE MEMBERS OF THE)	
LOUISVILLE GAS AND ELECTRIC COMPANY DEMAND-)	
SIDE MANAGEMENT COLLABORATIVE FOR THE)	CASE NO. 97-083
REVIEW, MODIFICATION, AND CONTINUATION OF)	
THE COLLABORATIVE, DSM PROGRAMS, AND COST)	
RECOVERY MECHANISM)	

O R D E R

IT IS ORDERED that Louisville Gas and Electric Company ("LG&E") shall file an original and 10 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. The information requested herein is due no later than September 16, 1997.

1. Refer to the response to the Commission's April 17, 1997 Order, Item 3(b). LG&E has stated that it believes that the proposal to adopt a lost net revenue recovery mechanism ("lost revenue approach") removes the disincentive to LG&E resulting from lost sales and removes the influence of weather.

a. Identify and describe the disincentives that the lost revenue approach addresses which are not addressed by the decoupling approach.

b. Under the lost revenue approach, is it correct that the traditional link between sales and revenues is maintained? Explain the response.

c. Is it correct that the traditional link between sales and revenues has usually been identified as a primary disincentive to implementing demand side management ("DSM") programs? Explain the response.

d. Identify and explain the circumstances which have changed since 1993, when the decoupling approach was presented as a more desirable approach than the lost revenue approach.

e. Which of the growth factors in the decoupling approach, growth in number of customers or change in usage per customer, was causing LG&E and the Collaborative the most concern? Explain the response.

f. Was LG&E aware in 1993 that the decoupling approach recognized and incorporated a level of influence for weather? If no, explain when LG&E became aware of the influence of weather in the decoupling approach.

g. Explain why the influence of weather in the cost recovery mechanism was not a significant concern in 1993 but is now in 1997.

2. Refer to the response to the Commission's April 17, 1997 Order, Item 5(a). Provide an update on the status of the program design work for the Energy Partners Program as of September 1, 1997.

3. Refer to the response to the Commission's April 17, 1997 Order, Item 8.

a. Describe the status of the investigation related to the Residential Load Management Program. If the investigation has not been started as of the date of the response to this Order, explain in detail the reason(s) for the delay.

b. Describe what impact, if any, the proposed merger of LG&E Energy Corporation and KU Energy Corporation would have on determining the need for the Residential Load Management Program.

4. Refer to the response to the Commission's April 17, 1997 Order, Item 9. Provide an update concerning the discussions between the Kentucky Committee for Marketing Electricity and the Kentucky Division of Energy.

5. Refer to the response to the Commission's April 17, 1997 Order, Item 12(a).

a. Indicate how long the Collaborative has viewed the Participant Test as the most relevant of all the DSM cost/benefit tests.

b. The Collaborative's Principles of Agreement focus on the Total Resource and Ratepayer Impact Tests. Explain how the statement that the Participant Test is the most relevant reconciles with the Collaborative's Principles of Agreement.

6. Refer to the response to the Commission's April 17, 1997 Order, Item 14(a) and (b).

a. The estimated annual energy savings per participant for four categories of the Residential Financing Program appear as negative numbers in the Ccf column. Explain why these savings are negative.

b. The economic assumptions shown in Attachment 1 list the cost of electricity as \$0.055 per kwh and the cost of natural gas as \$0.38 per therm. Are these meant to be the cost to the retail customer?

c. What is the current retail cost of electricity and natural gas for residential customers served by LG&E?

d. How does LG&E measure its customers' gas usage?

e. Explain the relationship between one Ccf and one therm of natural gas.

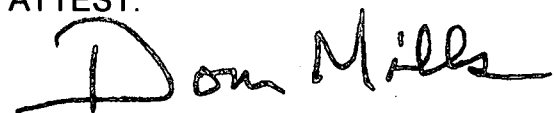
7. Refer to the response to the Commission's April 17, 1997 Order, Item 16. 807 KAR 5:006, Section 6(1) lists four different methods which may be used by a utility to furnish its customers with the rate schedule used to calculate the customer's bill. Indicate which method has been used by LG&E since 1993 to disclose the DSMRC component. If none of the listed methods have been used, indicate how LG&E has made this disclosure.

Done at Frankfort, Kentucky, this 26th day of August, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director